Message Text

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2.1

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

COME-00 TRSE-00 /066 W

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 5270

INFO AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

USMISSION OECD PARIS

AMCONSUL ANTWERP

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E.O. 11652: N/A

TAGS: ELAB, PINT, ECON, BE

SUBJECT: PARLIAMENT APPROVES ECONOMIC RECOVERY PLAN WITHOUT

INCOMES POLICY

BRUSSELS 09303

BEGIN UNCLASSIFIED

1. ON OCTOBER 23, PRIME MINISTER TINDEMANS RECEIVED SOLID VOTE OF CONFIDENCE FROM PARLIAMENT AFTER THREE DAYS DEBATE ON ECONOMIC RECOVERY PLAN. VOTE WAS 107 TO 75 WITH MAJORITY STANDING FIRM AGAINST OPPOSITION. TINDEMANS' PROGRAM STILL DOES NOT INCLUDE INCOMES POLICY OR REVISION OF WAGE INDEXATION SYSTEM WHICH HE DESIRES BUT HAS BEEN UNABLE TO SELL TO TRADE UNIONS. MOTION ADOPTED EXPRESSES CONFIDENCE THAT "SOCIAL PARTNERS" WILL FIND VIABLE SOLUTION TO INCOMES PROBLEM.

2. TRADE UNIONS AND EMPLOYERS ORGANIZATIONS ARE LIMITED OFFICIAL USE

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SCHEDULED BEGIN MAJOR NEGOTIATIONS OCTOBER 24 WITH

EXPECTATION THESE NEGOTIATIONSCAN BE CONCLUDED IN NOVEMBER. IN ADDITION TO INDEXATION PROBLEM NEGOTIATIONS WILL ALSO DEAL WITH LIMITATIONS OF WAGE DEMANDS IN 1976, AN EARLY RETIREMENT PROPOSAL AND CREATION OF A SOCIAL FUND TO FINANCE EARLY RETIREMENT. UNIONS ARE GOING INTO NEGOTIATION WITH SOLID FRONT AGAINST ANY MODIFICATION OF EXISTING INDEX SYSTEM. EMPLOYERS HAVE EXPRESSED EQUAL RELUCTANCE TO SET UP A SOCIAL FUND FINANCED BY THE MORE PROFITABLE COMPANIES. END UNCLASSIFIED.

3. COMMENT: PRIME MINISTER TINDEMANS HAS WON A MINOR TACTICAL VICTORY IN PARLIAMENT. HOWEVER, ALL PARTIES WILL NOW BE WATCHING LABOR-EMPLOYER NEGOTIATIONS. IF NO LIKELIHOOD DEVELOPS FOR ARLY AGREEMENT ON AN INCOMES POLICY, PRESSURE COULD BUILD UP FOR PARLIAMENT TO ACT ON THIS QUESTION. WE DOUBT THAT TINDEMANS WOULD YIELD TO SUCH PRESSURE UNLESS CHRISTIAN TRADE UNIONS JOIN IN. FIRESTONE

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Message Attributes

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Margaret P. Grafeld Declassified/Released

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TAGS: ELAB, PINT, ECON, BE, (TINDEMANS, LEO)

To: STATE

Type: TE

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